

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2005**

	December-05					September-05				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Actual	Quarter Policy	Month Net ROR	Market Value	Allocation	Actual	Quarter Net ROR	Fiscal YTD Net ROR	FY05 Net ROR	Ended 6/30/2005 Net	Ended 6/30/2005 Net
LARGE CAP DOMESTIC EQUITY													
<i>Structured Growth</i>													
LA Capital	70,686,386	4.5%	4.5%	3.42%	0.80%	70,815,392	4.6%	4.5%	5.64%	9.25%	8.17%	N/A	N/A
Total Structured Growth	70,686,386	4.5%	4.5%	3.42%	0.80%	70,815,392	4.6%	4.5%	5.64%	9.25%	8.17%	8.30%	-8.29%
Russell 1000 Growth				2.98%	-0.31%				4.01%	7.11%	1.67%	7.25%	-10.36%
<i>Structured Value</i>													
LSV	71,674,393	4.6%	4.5%	2.42%	1.13%	70,359,654	4.6%	4.5%	4.82%	7.36%	18.24%	14.45%	14.70%
Russell 1000 Value				1.27%	0.60%				3.88%	5.20%	14.06%	11.00%	5.27%
<i>Enhanced Russell 1000 Index</i>													
LA Capital	95,489,365	6.1%	6.0%	2.69%	0.98%	95,055,979	6.2%	6.0%	6.85%	9.72%	7.39%	8.78%	N/A
Russell 1000				2.12%	0.13%				3.95%	6.15%	7.92%	9.19%	N/A
<i>Enhanced S&P 500 Index</i>													
Northern Trust	94,656,897	6.0%	6.0%	2.57%	0.39%	92,676,114	6.0%	6.0%	3.81%	6.48%	6.02%	8.16%	N/A
Westridge	94,726,600	6.0%	6.0%	2.10%	0.05%	92,465,312	6.0%	6.0%	3.65%	5.82%	6.66%	8.57%	N/A
Total Enhanced S&P 500 Index	189,383,497	12.1%	12.0%	2.33%	0.22%	185,141,426	12.0%	12.0%	3.73%	6.15%	6.26%	8.87%	N/A
S&P 500				2.09%	0.03%				3.60%	5.77%	6.32%	8.28%	N/A
<i>S&P 500 Index</i>													
State Street	47,513,524	3.0%	3.0%	2.07%	0.03%	46,389,436	3.0%	3.0%	3.61%	5.76%	6.34%	8.30%	-2.34%
S&P 500				2.09%	0.03%				3.60%	5.77%	6.32%	8.28%	-2.37%
TOTAL LARGE CAP DOMESTIC EQUITY	474,747,165	30.2%	30.0%	2.55%	0.58%	467,761,886	30.4%	30.0%	4.78%	7.45%	8.65%	9.54%	-0.74%
S&P 500				2.09%	0.03%				3.60%	5.77%	6.32%	8.28%	-2.37%
SMALL CAP DOMESTIC EQUITY													
<i>Manager-of-Managers</i>													
SEI	159,766,834	10.2%	10.0%	0.97%	-0.01%	158,038,229	10.3%	10.0%	5.48%	6.49%	9.36%	13.65%	N/A
Russell 2000 + 200bp				1.64%	-0.29%				5.21%	6.93%	11.64%	15.07%	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	159,766,834	10.2%	10.0%	0.97%	-0.01%	158,038,229	10.3%	10.0%	5.48%	6.49%	9.36%	13.65%	5.64%
Russell 2000				1.13%	-0.46%				4.69%	5.88%	9.45%	12.81%	5.71%
INTERNATIONAL EQUITY													
<i>Large Cap - Core</i>													
State Street	16,561,750	1.1%	1.0%	4.44%	4.82%	16,771,189	1.1%	1.0%	10.65%	15.56%	7.68%	7.31%	-2.19%
MSCI EAFE (1)				4.08%	4.65%				10.38%	14.88%	9.59%	7.29%	-2.85%
<i>Large Cap - Active</i>													
Capital Guardian	50,395,527	3.2%	3.0%	9.43%	6.09%	50,194,725	3.3%	3.0%	11.82%	22.37%	11.23%	7.35%	-3.02%
LSV	49,073,209	3.1%	3.0%	4.29%	4.07%	49,949,026	3.2%	3.0%	11.55%	16.33%	N/A	N/A	N/A
Bank of Ireland	16,367,952	1.0%	1.0%	3.28%	3.63%	16,149,923	1.1%	1.0%	6.99%	10.50%	12.20%	N/A	N/A
Total Large Cap - Active	115,836,688	7.4%	7.0%	6.36%	4.89%	116,293,675	7.6%	7.0%	11.02%	18.08%	13.74%	8.14%	-2.37%
MSCI EAFE - 50% Hedged				5.84%	4.68%				11.07%	17.55%	14.41%	8.84%	-2.01%
<i>Small Cap - Active</i>													
Lazard	16,319,605	1.0%	1.0%	2.89%	6.04%	16,531,234	1.1%	1.0%	9.65%	12.81%	19.82%	N/A	N/A
Wellington	16,881,154	1.1%	1.0%	5.95%	6.63%	16,232,695	1.1%	1.0%	8.08%	14.52%	12.00%	N/A	N/A
Total Small Cap - Active	33,200,759	2.1%	2.0%	4.41%	6.34%	32,763,928	2.1%	2.0%	8.88%	13.68%	15.90%	N/A	N/A
Citigroup Broad Market Index < \$2BN				8.94%	7.40%				12.05%	22.06%	21.33%	N/A	N/A
TOTAL INTERNATIONAL EQUITY	165,599,197	10.5%	10.0%	5.77%	5.17%	165,828,792	10.8%	10.0%	10.56%	16.94%	13.12%	10.28%	-0.51%
MSCI EAFE - 50% Hedged				5.84%	4.68%				11.07%	17.55%	14.41%	8.84%	-2.01%
EMERGING MARKETS EQUITY													
<i>Core</i>													
Capital Guardian	15,888,884	1.0%	1.7%	9.92%	6.56%	65,494,678	4.3%	3.6%	16.25%	27.79%	33.94%	22.44%	4.12%
Ishares-Index Fund (temporary)	13,882,033	0.9%	0.9%	N/A	4.95%	-	0.0%	0.9%	N/A	N/A	N/A	N/A	N/A
JP Morgan	14,113,369	0.9%	0.9%	N/A	5.35%	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
UBS	26,959,619	1.7%	1.5%	7.63%	6.66%	22,796,595	1.5%	1.4%	N/A	N/A	N/A	N/A	N/A
Total Core	70,843,905	4.5%	4.9%	8.68%	6.04%	88,291,273	5.7%	5.9%	17.05%	27.21%	33.94%	22.44%	4.12%
MSCI Emerging Markets Free				7.20%	5.92%								
<i>Small Cap</i>													
DFA	16,274,051	1.0%	1.0%	8.16%	6.50%	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
MSCI Emerging Markets Free				7.20%	5.92%								
TOTAL EMERGING MARKETS EQUITY	87,117,955	5.5%	5.0%	8.22%	6.11%	88,291,273	5.7%	5.0%	17.05%	26.67%	33.94%	22.44%	4.12%
MSCI Emerging Markets Free				7.20%	5.92%				18.11%	26.62%	34.89%	24.42%	7.64%
DOMESTIC FIXED INCOME													
<i>Core Bond</i>													
Western Asset	39,883,406	2.5%	2.5%	0.24%	1.06%	33,978,831	2.2%	2.6%	-0.48%	-0.25%	7.25%	7.46%	8.91%
Lehman Aggregate				0.59%	0.95%				-0.67%	-0.08%	6.80%	5.75%	7.40%
<i>Index</i>													
Bank of ND	81,428,000	5.2%	6.0%	0.64%	0.90%	69,862,046	4.5%	4.8%	-0.93%	-0.29%	7.23%	6.11%	7.77%
Bank of ND Match Loan CD Program	-	0.0%	0.0%	N/A	N/A	19,021,175	1.2%	1.2%	1.28%	N/A	5.08%	5.33%	5.53%
Total Index	81,428,000	5.2%	6.0%	0.83%	0.90%	88,883,221	5.8%	6.0%	-0.43%	0.40%	6.91%	5.88%	7.41%
Lehman Gov/Credit				0.60%	0.95%				-0.96%	-0.37%	7.26%	6.41%	7.70%
<i>Convertibles</i>													
TCW	40,051,708	2.6%	2.5%	1.16%	0.36%	34,388,953	2.2%	2.4%	2.95%	4.14%	-0.23%	8.73%	-2.63%
Merrill Lynch All Convertibles				0.46%	0.80%				4.15%	4.63%	0.66%	9.94%	0.50%

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	Market Value	Allocation	Policy	Quarter Net ROR	Month Net ROR	Market Value	Allocation	Policy	Quarter Net ROR	Fiscal YTD Net ROR	FY05 Net ROR	Ended 6/30/2005 Net	Ended 6/30/2005 Net
BBB Average Quality													
Wells Capital	39,733,582	2.5%	2.5%	0.56%	1.04%	33,517,868	2.2%	2.6%	-0.82%	-0.26%	12.04%	9.22%	8.81%
Lehman BBB				0.39%	1.03%				-0.97%	-0.58%	8.60%	9.16%	7.86%
Private Debt													
Prudential	39,944,612	2.5%	2.5%	0.82%	0.90%	33,285,599	2.2%	2.2%	-0.27%	0.54%	N/A	N/A	N/A
Lehman Aggregate				0.59%	0.95%					-0.08%	N/A	N/A	N/A
Timberland													
RMK	33,791,383	2.2%	2.2%	-6.09%	-0.08%	36,378,341	2.4%	2.4%	-0.24%	-6.31%	14.50%	12.47%	N/A
TIR	91,296,173	5.8%	5.8%	3.19%	0.00%	91,448,499	5.9%	5.9%	-0.09%	3.09%	N/A	N/A	N/A
Total Timberland	125,087,555	8.0%	8.0%	0.55%	-0.02%	127,826,840	8.3%	8.3%	-0.13%	0.42%	44.29%	21.48%	N/A
NCREIF Timberland Index				0.95%	0.32%					1.91%	14.07%	7.31%	N/A
TOTAL DOMESTIC FIXED INCOME	366,128,864	23.3%	24.0%	0.68%	0.55%	351,881,313	22.9%	24.0%	-0.09%	0.60%	19.23%	11.83%	8.92%
Lehman Aggregate				0.59%	0.95%				-0.67%	-0.08%	6.80%	5.75%	7.40%
HIGH YIELD BONDS													
Loomis Sayles	38,122,418	2.4%	2.5%	1.36%	1.78%	37,772,685	2.5%	2.5%	1.24%	2.62%	15.96%	N/A	N/A
Lehman High Yield Cash Pay Index				0.80%	0.92%				0.99%	1.80%	10.83%	N/A	N/A
Sutter/Wells Capital	37,898,585	2.4%	2.5%	1.38%	0.86%	37,217,647	2.4%	2.5%	0.31%	1.69%	9.62%	N/A	N/A
Merrill Lynch High Yield Master II Index				0.80%	0.92%				0.99%	1.80%	10.63%	N/A	N/A
TOTAL HIGH YIELD BONDS	76,021,003	4.8%	5.0%	1.37%	1.32%	74,990,331	4.9%	5.0%	0.77%	2.16%	12.76%	13.38%	5.52%
Lehman High Yield Bond Index				0.80%	0.92%				0.99%	1.80%	10.86%	14.51%	7.47%
INTERNATIONAL FIXED INCOME													
International Sovereign													
UBS Global (Brinson)	36,309,416	2.3%	2.5%	-2.54%	1.46%	36,769,202	2.4%	2.5%	-1.08%	-3.60%	7.92%	11.22%	8.24%
Citigroup Non-US Gov't Bond Index (2)				-2.61%	1.16%				-1.24%	-3.81%	7.75%	10.98%	7.92%
International Core													
Brandywine	37,816,746	2.4%	2.5%	-0.22%	1.37%	37,366,135	2.4%	2.5%	0.80%	0.58%	11.78%	N/A	N/A
Lehman Global Aggregate (ex-US)				-2.39%	1.02%				-0.86%	-3.22%	8.10%	N/A	N/A
TOTAL INTERNATIONAL FIXED INCOME	74,126,162	4.7%	5.0%	-1.36%	1.42%	74,135,338	4.8%	5.0%	-0.15%	-1.51%	9.84%	12.08%	8.74%
Citigroup Non-US Gov't Bond Index (2)				-2.61%	1.16%				-1.24%	-3.81%	7.75%	10.98%	7.92%
REAL ESTATE													
INVESCO	41,404,402			1.73%	1.56%	40,766,608			7.19%	9.04%	22.20%	12.15%	10.44%
J.P. Morgan	42,388,011			4.94%	2.36%	40,394,385			6.33%	11.58%	19.52%	12.70%	10.44%
TOTAL REAL ESTATE	83,792,413	5.3%	5.0%	3.33%	1.97%	81,160,993	5.3%	5.0%	6.76%	10.32%	20.77%	12.39%	10.43%
NCREIF TOTAL INDEX				5.43%	1.78%				4.44%	10.11%	18.02%	12.07%	10.81%
ALTERNATIVE INVESTMENTS													
Brinson IVCF II	110,623			22.67%	22.67%	90,179			0.00%	22.67%	0.89%	3.69%	-11.70%
Coral Partners II	100,439			3.92%	3.68%	123,908			0.19%	4.12%	1.13%	8.47%	-21.52%
Coral Partners V	4,507,643			1.43%	0.00%	4,441,943			0.01%	1.44%	-18.97%	-24.36%	-22.64%
Coral Partners V - Supplemental	537,405			-1.04%	0.00%	542,802			-7.36%	-8.32%	-6.85%	-4.52%	N/A
Coral Partners VI	5,390,382			2.13%	0.00%	4,353,286			-1.55%	0.55%	-1.17%	N/A	N/A
Brinson 1998 Partnership Fund	1,396,583			3.50%	3.50%	1,348,645			3.17%	6.78%	19.64%	3.73%	-1.83%
Brinson 1999 Partnership Fund	2,349,078			0.64%	0.64%	2,631,322			2.44%	3.10%	9.31%	1.61%	-4.71%
Brinson 2000 Partnership Fund	5,543,147			3.70%	3.70%	5,368,785			6.45%	10.39%	14.97%	3.21%	-0.80%
Brinson 2001 Partnership Fund	3,722,644			2.53%	2.30%	3,173,636			3.91%	6.53%	4.00%	1.40%	N/A
Brinson 2002 Partnership Fund	2,051,494			3.38%	3.38%	1,983,500			3.47%	6.97%	-4.22%	6.13%	N/A
Brinson 2003 Partnership Fund	505,263			5.26%	5.26%	394,646			7.59%	13.25%	1.71%	N/A	N/A
Brinson 1999 Non-US Partnership Fund	1,182,503			-1.05%	-1.05%	1,194,478			-5.55%	-6.54%	32.09%	21.85%	11.30%
Brinson 2000 Non-US Partnership Fund	1,773,750			7.48%	7.48%	1,649,489			-0.69%	6.74%	15.57%	13.45%	4.88%
Brinson 2001 Non-US Partnership Fund	1,571,188			3.98%	3.98%	1,808,748			9.11%	13.45%	9.19%	8.24%	N/A
Brinson 2002 Non-US Partnership Fund	2,714,391			15.23%	15.23%	2,144,443			-0.04%	15.18%	12.60%	12.07%	N/A
Brinson 2003 Non-US Partnership Fund	1,337,379			12.34%	12.34%	1,189,936			0.61%	13.03%	2.52%	N/A	N/A
Brinson 2004 Non-US Partnership Fund	501,740			9.37%	9.37%	311,041			4.09%	13.84%	0.42%	N/A	N/A
Brinson BVCF IV	7,839,781			8.77%	0.00%	7,204,263			10.29%	19.96%	6.06%	3.14%	-7.20%
Matlin Patterson Global Opportunities	7,295,886			-1.36%	0.00%	7,612,688			-8.79%	-10.03%	102.75%	N/A	N/A
Matlin Patterson Global Opportunities II	6,509,523			0.00%	0.00%	6,509,686			0.00%	0.00%	N/A	N/A	N/A
InvestAmerica	2,069,710			0.00%	0.00%	2,068,707			0.00%	0.00%	-18.88%	-13.16%	N/A
Hearthstone MSII	0			0.00%	0.00%	326,842			0.00%	0.00%	1214.92%	179.43%	90.03%
Hearthstone MSIII	4,281,333			7.40%	0.00%	5,948,415			4.53%	12.27%	16.51%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (3)	63,291,887	4.0%	5.0%	3.65%	1.78%	62,421,388	4.1%	5.0%	1.64%	5.34%	17.24%	3.02%	-4.45%
CASH EQUIVALENTS													
Northern Trust STIF/STEP	19,982,611	1.3%	1.0%	0.85%	0.28%	13,469,141	0.9%	1.0%	0.89%	1.75%	2.19%	1.82%	2.72%
90 Day T-Bill				0.92%	0.32%				0.83%	1.75%	2.15%	1.55%	2.62%
TOTAL FUND	1,570,574,092	100.0%	100.0%	2.36%	1.47%	1,537,978,684	100.0%	100.0%	4.43%	6.90%	14.07%	11.96%	4.66%
POLICY TARGET BENCHMARK				2.23%	1.24%				3.67%	5.99%	10.46%	9.88%	3.83%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.